

106TH CONGRESS
1ST SESSION

S. 1011

To amend the Internal Revenue Code of 1986 to provide that trusts established for the benefit of individuals with disabilities shall be taxed at the same rates as individual taxpayers.

IN THE SENATE OF THE UNITED STATES

MAY 11, 1999

Mr. FRIST introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to provide that trusts established for the benefit of individuals with disabilities shall be taxed at the same rates as individual taxpayers.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Tax Fairness for Sup-
5 port of the Permanently Disabled Act”.

1 **SEC. 2. MODIFICATION OF TAX RATES FOR TRUSTS FOR**
 2 **INDIVIDUALS WHO ARE DISABLED.**

3 (a) IN GENERAL.—Section 1(e) of the Internal Rev-
 4 enue Code of 1986 (relating to tax imposed on estates and
 5 trusts) is amended to read as follows:

6 “(e) ESTATES AND TRUSTS.—

7 “(1) IN GENERAL.—Except as provided in para-
 8 graph (2), there is hereby imposed on the taxable in-
 9 come of—

10 “(A) every estate, and

11 “(B) every trust,

12 taxable under this subsection a tax determined in
 13 accordance with the following table:

“If taxable income is:	The tax is:
Not over \$1,500	15% of taxable income.
Over \$1,500 but not over \$3,500 ..	\$225, plus 28% of the excess over \$1,500.
Over \$3,500 but not over \$5,500 ..	\$785, plus 31% of the excess over \$3,500.
Over \$5,500 but not over \$7,500 ..	\$1,405, plus 36% of the excess over \$5,500.
Over \$7,500	\$2,125, plus 39.6% of the excess over \$7,500.

14 “(2) SPECIAL RULE FOR TRUSTS FOR DIS-
 15 ABLED INDIVIDUALS.—

16 “(A) IN GENERAL.—There is hereby im-
 17 posed on the taxable income of an eligible trust
 18 taxable under this subsection a tax determined
 19 in the same manner as under subsection (c).

20 “(B) ELIGIBLE TRUST.—For purposes of
 21 subparagraph (A), a trust shall be treated as an

1 eligible trust for any taxable year if, at all times
2 during such year during which the trust is in
3 existence, the exclusive purpose of the trust is
4 to provide reasonable amounts for the support
5 and maintenance of 1 or more beneficiaries
6 each of whom is permanently and totally dis-
7 abled (within the meaning of section 22(e)(3)).
8 A trust shall not fail to meet the requirements
9 of this subparagraph merely because the corpus
10 of the trust may revert to the grantor or a
11 member of the grantor's family upon the death
12 of the beneficiary.”

13 (b) EFFECTIVE DATE.—The amendments made by
14 this section shall apply to taxable years beginning after
15 December 31, 1998.

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